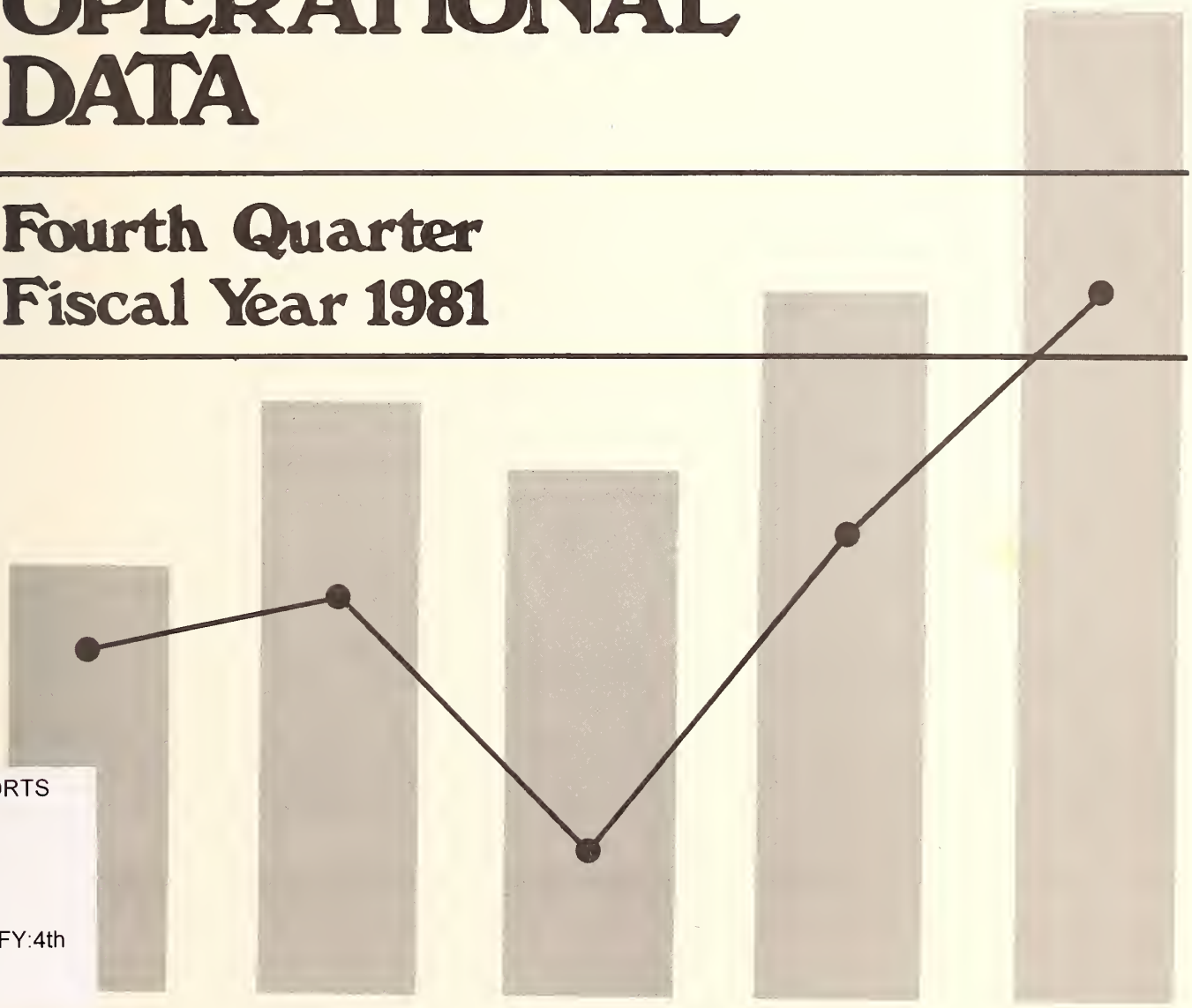
ANALYSIS OF MEDICAID OPERATIONAL DATA

Fourth Quarter Fiscal Year 1981



HEALTH CARE FINANCING ADMINISTRATION
BUREAU OF PROGRAM OPERATIONS
Office of Standards and Performance Evaluation

INTRODUCTION

The Analysis of Medicaid Operational Data report is published by the Bureau of Program Operations' Division of Reports and Analysis and contains selected information primarily of an operational nature compiled from financial and statistical reports submitted by the States to HCFA. This publication highlights significant aspects and trends within the Medicaid program and is intended to meet the ever changing informational needs of managers by presenting analyses of selected data in areas where management expresses an interest. Since Medicaid programs are heterogeneous in nature, care should be exercised when attempting to draw conclusions involving comparisons of different Medicaid programs.

This report is issued quarterly and displays data on a quarterly basis and/or on a cumulative fiscal year-to-date basis, i.e., the second, third, and fourth quarters' totals will be the sum of the preceding quarter(s) as well as the current quarter. It should be noted that the format as well as the content of the report may change from quarter to quarter since it is our intent to address current topics of interest in operational areas. For this reason, users are invited to recommend areas for future analytical focus. Recommendations should be directed to Mr. Charles Owen, Director, Division of Reports and Analysis, OSPE/BPO, Room 1445 Meadows East Building, 6325 Security Boulevard, Baltimore, Maryland 21207.

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HIGHLIGHTS

- In Fiscal Year 1981, 36 Medicaid jurisdictions reported a total of 325 million claims approved for payment with an average processing time of 17.5 days.

- Of the 82.0 million claims approved for payment by the reporting States in the July-September 1981 quarter, 27.3 million or 33.7 percent were for required services.

- Based on a preliminary analysis, a slight relationship was found which indicated that claims tended to be processed more quickly in States with newer MMISs.

- Total FY 1981 Federal and State Medicaid expenditures were $29.7 billion, an increase of 18.1 percent from FY 1980 and 289.2 percent over the ten year period FY 1972 - FY 1981. The FY 1981 Federal share of these expenditures was $16.7 billion, an increase of 18.4 percent over FY 1980 and 302.6 percent over FY 1972.

  - Total Federal and State Medical Assistance Payments rose 18.3 percent from FY 1980 to $28.4 billion in FY 1981, with the adjusted Federal share increasing 18.6 percent to $15.8 billion.

  - Total Federal and State Administration and Training (A&T) expenditures rose 12.7 percent from FY 1980 to $1.3 billion in FY 1981, with the adjusted Federal share increasing 15.2 percent to $827 million. The $1.3 billion in total Administration and Training represented 4.5 percent of total Medicaid expenditures, with MMIS related costs accounting for 20.0 percent of the total A&T.

- Medicaid and Medicare workload and processing time data were compared after adjustments were made to Medicare data to exclude data for those areas with incomplete Medicaid reporting. The comparisons revealed for relatively common geographic locations:

  - In FY 1981 Medicaid processed 2.6 times as many claims as Medicare.

  - In FY 1981, Medicare Part A intermediaries processed 24.5 million claims in an average of 9.9 days, whereas Medicaid agencies processed 31.2 million claims for comparable type of service categories in an average of 28.5 days.

ANALYSIS OF MEDICAID CLAIMS WORKLOADS AND PROCESSING TIMES

As Table 1 shows, a total of 325 million claims were approved for payment in FY 1981 by 36 Medicaid jurisdictions. This data includes also estimates for those States reporting for some but not all months of FY 1981. Note that this figure does not include data from some of the larger States, e.g., Massachusetts, Michigan, Illinois and New York.

The total number of claims approved for payment quarterly for the reporting States ranged from 80 to 82 million during FY 1981. Two States, California and Ohio accounted for most of the fluctuations between quarters due to large increases/decreases in prescribed drug and physician claims.

Table 2 shows that for the reporting States 27.3 million or 33.7 percent of all claims approved for payment in July-September 1981 were for required services. Of these required service claims, 55.1 percent were for physician services and 27.1 percent were for outpatient hospital services. Rural health clinic and home health service claims accounted for the smallest percentage of required service claims, 0.2 and 0.8 percent respectively. Physician claims accounted for the greatest percent of mandatory service claims in all but four jurisdictions, Pennsylvania, Missouri, Puerto Rico, and the Virgin Islands. In all four of these exceptions, the greatest percent of mandatory service claims were outpatient hospital claims. There is a wide variance among States in the proportion of claims within certain service types (e.g., skilled nursing). This variance can be attributed in large part to the flexibility States are allowed in establishing the scope of services provided beyond the minimum requirements in the law. For example, States with more liberal coverage policies under a particular type of service would tend to pay more claims under that category.

Table 2 also shows that Puerto Rico reported 100 percent of their claims to be hospital claims (97.7 percent outpatient and 2.3 percent inpatient). This is due to the fact that almost all of their services are provided through Public Health Service hospitals. Additionally note that Wisconsin, reported 14.2 percent of their mandatory service claims for family planning services as compared to 2.7 percent for all reporting States. This is due to the State erroneously claiming some items under family planning. The State has since rerun claims under this category and distributed them in the appropriate type of service categories.

TABLE 1

NUMBER OF MEDICAID CLAIMS APPROVED FOR PAYMENT FOR REPORTING STATES RANKED BY CLAIMS VOLUME

October 1980 - September 1981

(In Thousands)

	FY 81 Total	July-September 1981	April-June 1981	January-March 1981	October-December 1980
All Reporting States 1/	324,836	81,971	79,897	82,919	80,049
California	91,129	24,515	21,726	21,342	23,546
Pennsylvania	22,812 1/	5,703	5,703 E	5,703 E	5,703 E
Ohio	20,654	6,304	3,860	6,316	4,174
Texas	19,294	5,022	4,358	5,266	4,648
Wisconsin	15,098	3,659	3,957	3,909	3,573
New Jersey	14,987	3,438	3,744	4,046	3,759
Florida	12,750	3,047	3,397	3,075	3,231
Georgia	11,990	2,908	3,150	3,167	2,765
Louisiana	10,740 1/	2,685 E	2,685 E	2,685 E	2,685
Tennessee	10,715	2,264	2,820	2,874	2,757
Minnesota	9,815 1/	2,258	2,807 E	2,296	2,454 E
Missouri	9,097	2,183	2,496	2,090	2,328
North Carolina	8,855	2,090	2,356	2,390	2,019
Virginia	7,727	2,015	1,841	1,955	1,916
Alabama	7,390 1/	1,732 E	1,879	1,980	1,799
Washington	7,152	1,476	1,769	1,990	1,917
Mississippi	6,206	1,508	1,453	1,651	1,594
Arkansas	5,124	1,187	1,312	1,383	1,242
Iowa	4,674	1,071	1,326	1,189	1,088
Kansas	3,911	885	981	1,074	971
Hawaii	3,635	858	955	929	893
Puerto Rico	2,814	718	684	708	704
Colorado	2,763	601	858	690	614
Maine	2,340 1/	568	583	604 E	585 E
New Mexico	1,716	469	298	498	451
Nebraska	1,663	382	448	439	394
Utah	1,620	382	448	436	354
Vermont	1,571 1/	389	397	423	362 E
Montana	1,322	336	325	330	331
New Hampshire	1,214 1/	345 E	285	367	217
North Dakota	919	232	241	261	185
Idaho	916	211	233	243	229
Nevada	839 1/	193	211	225 E	210
South Dakota	703 1/	176	174	177 E	176 E
Delaware	639	148	126	198	167
Virgin Islands	42	13	11	10	8

1/ Totals include estimated data (E) for States who did not report for all months. See Technical Note 1.

Source: HCFA-120.

TABLE 2

REPORTING STATES RANKED BY CLAIMS VOLUME FOR REQUIRED SERVICES
WITH PERCENT DISTRIBUTION BY TYPE OF REQUIRED SERVICE

July-September 1981

State	Number of Claims for Required Services Approved for Payment 1/		Percent of All Medicaid Claims	Percent Distribution by Required Types of Service								
				Inpatient Hospital	Outpatient Hospital	Rural Health Clinic	Lab and X-ray	SNF	Home Health	Early and Periodic Screening	Family Planning	Physician
All Reporting States 2/	27,297,290		33.7%	2.5%	27.1%	0.2%	6.3%	2.8%	0.8%	2.1%	2.7%	55.1%
California	8,680,056		35.4	1.9	28.6	0.1	9.5	2.5	0.2	1.3	1.3	54.5
Ohio	2,460,352		38.0	2.1	30.3	0.0	2.2	2.5	0.2	3.5	2.0	57.2
Pennsylvania	2,136,465		37.5	2.2	40.4	0.0	11.4	3.8	2.0	1.8	6.4	31.9
Texas	1,544,846		30.6	4.3	18.2	*	2.1	1.8	1.1	1.0	1.8	71.9
New Jersey	1,268,702		36.9	2.3	13.1	0.0	12.4	0.3	0.8	1.0	1.3	68.9
Florida	1,046,703		34.3	2.0	19.1	0.1	1.1	1.8	1.0	1.7	0.7	71.1
Minnesota	762,111		33.8	1.9	20.4	0.0	0.5	11.8	1.5	0.6	3.6	59.7
Wisconsin	750,504		20.5	2.0	25.1	0.1	1.9	9.6	3.1	3.3	14.2	40.6
Puerto Rico	717,947		100.0	2.3	97.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Carolina	681,090		32.6	2.8	32.1	1.0	5.5	2.6	0.7	2.6	1.1	51.5
Georgia	661,124		22.7	3.5	14.7	0.3	2.0	4.3	1.4	2.6	3.7	67.5
Missouri	634,735		29.1	3.0	43.4	0.0	3.1	0.2	1.3	1.0	6.7	41.4
Virginia	616,954		30.6	3.3	14.8	*	2.2	0.3	0.4	3.1	4.4	71.5
Tennessee	602,406		26.6	3.1	20.1	0.0	13.5	0.6	1.0	12.8	2.8	46.1
Washington	580,486		39.3	2.4	18.0	0.1	8.7	8.2	2.0	4.2	2.6	53.7
Alabama	449,773	E	26.9	3.0	18.3	0.2	10.8	3.2	0.7	2.0	6.9	54.9
Hawaii	381,747		44.5	1.5	11.9	2.1	6.6	2.3	0.1	1.6	1.5	72.4
Iowa	371,441		34.7	2.3	13.3	0.1	1.3	0.1	0.8	3.4	5.7	73.1
Mississippi	371,411		24.6	6.0	14.8	0.8	2.6	4.3	0.4	6.8	2.1	62.1
Kansas	259,322		29.3	3.3	23.0	*	4.9	0.4	1.3	1.7	3.2	61.1
Arkansas	239,047		20.1	3.9	16.1	0.0	7.4	5.0	0.3	1.1	5.0	61.2
Vermont	184,727		47.4	1.4	11.5	0.3	12.7	0.2	2.4	6.9	3.2	61.5
New Mexico	172,583		36.8	3.2	22.2	2.0	3.0	0.2	2.5	1.6	3.4	62.0
Maine	147,319		25.9	4.4	32.7	1.6	0.3	0.4	2.1	0.0	0.6	57.9
Utah	132,183		34.6	2.1	20.5	0.5	15.8	1.2	0.7	1.2	4.0	53.9
Colorado	126,414		21.0	5.0	34.6	0.0	5.0	7.8	0.9	6.5	4.7	35.4
Montana	107,852		32.1	2.9	17.7	0.0	3.6	0.5	1.7	0.0	5.1	68.5
New Hampshire	88,030	E	24.1	2.4	14.3	0.1	5.9	0.3	2.4	4.7	5.2	64.7
Nebraska	75,164		19.7	6.2	18.0	0.0	6.9	2.9	3.0	4.9	4.5	54.4
Idaho	74,654		35.4	2.1	21.3	0.2	19.3	3.5	2.3	8.3	2.9	40.1
Delaware	70,219		47.3	3.4	10.1	0.0	4.7	0.2	0.9	1.3	6.0	62.1
North Dakota	68,692		29.6	4.0	8.6	0.0	3.5	9.5	1.1	0.0	*	73.1
Nevada	65,391		34.0	3.9	25.7	*	4.6	0.5	1.5	2.6	3.7	57.6
South Dakota	59,442		33.8	4.1	15.1	1.8	2.5	2.7	3.6	1.7	2.9	65.6
Virgin Islands	7,936		60.8	4.8	88.9	0.0	0.1	0.0	0.3	3.7	1.4	0.8

1/ Crossover claims are not included.
2/ Totals include estimated data (E) for States who did not report for all months. See Technical Note 1.
* Percentage less than 0.05.

Source: HCFA-120

As is shown in Table 3, the average claims processing time for all reporting States increased steadily through the first three quarters of FY 1981 (from 15.9 to 19.3 days), but decreased to 17.6 days in the last quarter. The relatively high processing time (19.3 days) for the April-June quarter was mainly attributable to the clearance of a backlog of outpatient hospital claims in California.

Among the ten States with the lowest average processing times during FY 1981, Virginia had the lowest with 4.3 days. Only three States (Wisconsin, Tennessee, and New Jersey) with low average processing times were also among the top ten reporting States with the highest claims volumes. This corresponds to the results of a preliminary investigation performed in the first quarter FY 1981 report to determine whether States which process high volumes of claims have low processing times due to the principle of economy of size. It was tentatively determined that no such relationship existed between these two sets of data as reported by the 32 jurisdictions reporting for that quarter.

TABLE 3

QUARTERLY CLAIMS PROCESSING TIME DATA
FOR TOP TEN STATES RANKED BY LOWEST
AVERAGE FY 1981 PROCESSING TIMES

State	Average Days from Receipt to Adjudication				
	FY 81	July-September	April-June	January-March	October-December
All Reporting States 1/	17.5	17.6	19.3	17.1	15.9
Virginia	4.3	4.6	4.0	4.6	4.1
Kansas	5.3	5.3	4.9	5.8	5.2
Alabama	5.4	4.9	3.9	7.4	5.2
Arkansas	7.3	6.4	7.3	7.3	8.1
Missouri	7.6	10.0	7.1	5.7	7.7
Wisconsin	8.9	7.0	10.0	9.2	9.4
Tennessee	9.2	8.3	7.1	10.8	10.3
Maine	9.3	7.4	10.3	10.7	NR
New Jersey	9.4	7.4	9.1	10.9	10.1
Colorado	10.5	14.0	10.2	11.3	6.8

1/ See Technical Note 1.

NR Not Reported.

Source: HCFA-120.

In Table 4 we examined the possibility of a relationship between average claims processing times and the length of time that MMISs were operational. Analysis of the data revealed a slight positive correlation indicating that States with relatively low processing times also had relatively new MMISs (see Technical Note 3, page 19). However since only one quarter's data was included in the calculation and since it yielded only a slight correlation, further investigation would be required before drawing any definite conclusions.

TABLE 4

MONTHS MMIS IN OPERATION
FOR STATES RANKED BY
AVERAGE PROCESSING TIME

July-September 1981

	Average Processing Time	Months in Operation 1/
Virginia	4.6	46
Alabama	4.9	42
Kansas	5.3	39
Arkansas	6.4	69
Wisconsin	7.0	48
Maine	7.4	15
New Jersey	7.4	30
Tennessee	8.3	22
Missouri	10.0	26
New Mexico	10.2	100
Delaware	10.4	2/
Nevada	10.4	3/
Washington	11.6	63
Idaho	12.0	45
Utah	12.2	72
Vermont	12.3	42
Nebraska	13.2	39
Georgia	13.4	50
Colorado	14.0	24
Florida	14.1	36
Iowa	15.5	24
Pennsylvania	16.0	3
Mississippi	16.4	27
Texas	16.9	76
North Dakota	17.9	37
North Carolina	18.3	51
Hawaii	18.8	105
California	21.8	45
Minnesota	23.9	75
New Hampshire	24.0	75
Montana	26.5	83
South Dakota	30.0	4/
Ohio	38.9	72
Virgin Islands	78.2	2/

1/ Months from date system determined operational through 9/81.
2/ No active MMIS plan.
3/ MMIS in development stage.
4/ MMIS not yet approved.

SOURCE: HCFA-120 and data from HCFA's Office of Methods and Systems.

ANALYSIS OF MEDICAID EXPENDITURES

Table 5 shows that for the five year period, FY 1977-FY 1981, total unadjusted Medicaid expenditures computable for Federal funding rose from $17.2 billion to $29.7 billion, a 72.8 percent increase, while the adjusted Federal share of total expenditures increased from $9.8 billion to $16.7 billion, a 71.3 percent increase. In comparison total computable expenditures rose 91.6 percent during the previous five year period FY 1972-FY 1976, and 289.2 percent from FY 1972-FY 1981. In FY 1981, $15.8 billion of the total adjusted Federal share of Medicaid expenditures ($16.7 billion) were for Medical Assistance Payments (MAP) with the remaining $827 million for Administration and Training (A&T). The FY 1981 Federal share of $15.8 billion for MAP is an increase of 18.6 percent over FY 1980, 72.4 percent over FY 1977, and 298.5 percent over FY 1972. The FY 1981 Federal share of $827 million for A&T is an increase of 15.2 percent over FY 1980, 51.5 percent over FY 1977, and 400.3 percent over FY 1972.

TABLE 5

NATIONAL FINANCIAL DATA

FY 1977 - FY 1981

(Dollars in Millions)

All Medicaid Jurisdictions	FY 1977	Percent 1/ Change 2/	FY 1978	Percent Change 1/	FY 1979	Percent Change 1/	FY 1980	Percent Change 1/	FY 1981	Percent Change 1/	Percent Change FY 72-FY 76	Percent Change FY 77-FY 81	Percent Change FY 72-FY 81 2/
Total Expenditures 3/	$17,211	17.5%	$19,137	11.2%	$21,808	14.0%	$25,192	15.5%	$29,743	18.1%	91.6%	72.8%	289.2%
Adjusted Federal Share 4/	9,727	17.1	10,757	10.6	12,049	12.0	14,069	16.8	16,659	18.4	100.7	71.3	302.6
Total Medical Assistance Payments 3/	16,355	17.0	18,168	11.1	20,736	14.1	24,014	15.8	28,416	18.3	90.3	73.8	286.8
Adjusted Federal Share 4/	9,182	16.4	10,149	10.5	11,385	12.2	13,352	17.3	15,832	18.6	98.5	72.4	298.5
Total Administration and Training 3/	857	28.9	969	13.1	1,072	10.7	1,178	9.9	1,328	12.7	124.3	55.0	348.1
Adjusted Federal Share 4/	546	30.4	608	11.4	664	9.2	718	8.1	827	15.2	153.3	51.5	400.3

1/ Percent change from previous fiscal year.
2/ Beginning with Fiscal Year 1977, the fiscal year changed from a July-June to an October-September cycle. Therefore the percent change from FY 76 to FY 77 and from FY 72 to FY 81 compares July-June with October-September periods.
3/ Unadjusted expenditures computable for Federal funding.
4/ Adjusted Federal share of expenditures computable for Federal funding.

Source: Preliminary expenditure data from HCFA's Office of Program Administration.

Table 6 shows that in FY 1981 $1.3 billion or 4.5 percent of total unadjusted expenditure computable for Federal funding were for Administration and Training (A&T) expenditures. Of the top ten States, Pennsylvania had the largest increase in total A&T expenditures, 35.5 percent over FY 1980. Texas had the highest percent (6.8) of total expenditures for A&T. New York with $257 million constituted the largest share of national A&T expenditures, 19.4 percent. In Michigan and California, total A&T expenditures decreased from FY 1980 by 15.1 percent and 1.6 percent respectively. These 10 States accounted for 64.2 percent of the national total computable expenditures while the top two States, New York and California, accounted for 33.7 percent.

TABLE 6

SELECTED DATA FOR TOP 10 STATES BASED ON SIZE OF EXPENDITURES FOR ADMINISTRATION AND TRAINING

Fiscal Year 1981

(Dollars in Thousands)

State	Unadjusted Administration and Training Expenditures Computable For Federal Funding	Percent Change From FY 80	Percent of National Administration and Training Expenditures	As a Percent of Unadjusted Total Expenditures 1/
United States	$1,327,657	12.7%	100.0%	4.5%
New York	257,761	21.3	19.4	4.8
California	190,501	-1.6	14.3	4.9
Texas	88,129	9.8	6.6	6.8
Pennsylvania	67,980	35.5	5.1	4.4
Michigan	59,778	-15.1	4.5	4.2
Illinois	55,021	25.1	4.1	3.6
Ohio	42,826	14.8	3.2	3.9
New Jersey	32,641	11.3	2.5	3.7
Wisconsin	28,866	28.6	2.2	3.3
Massachusetts	28,520	12.1	2.1	2.4

1/ Total expenditures include unadjusted total computable Medical Assistance Payments and Administration and Training expenditures.

Source: Preliminary expenditure data from HCFA's Office of Program Administration.

In Table 7, the total FY 1981 unadjusted MMIS expenditures computable for Federal funding is shown to be $266 million or 20.0 percent of total Administration and Training (A&T) expenditures ($1.3 billion). Comparatively, the total unadjusted Federal share of MMIS expenditures is $207 million or 26.4 percent of the total unadjusted Federal share of A&T ($783 million). Of the total Federal share of MMIS expenditures, $44 million (21.6 percent) was for the design, development or installation of MMISs in 21 States, while $162 million (78.4 percent) was for ongoing MMIS operating expenses in 36 States. Only one State, Tennessee, had over 50 percent (53.9) of its total unadjusted computable A&T expenditures categorized as MMIS expenses. Four States, (Hawaii, Wisconsin, New Mexico and Tennessee) claimed over 50 percent (68.9, 55.5, 55.2 and 51.9 respectively) of their unadjusted Federal share of A&T for MMIS expenses.

TABLE 7

SELECTED DATA FOR ALL STATES BASED
ON TOTAL UNADJUSTED COMPUTABLE EXPENDITURES
FOR ADMINISTRATION AND TRAINING

Fiscal Year 1981

(Dollars in Thousands)

State	Total Unadjusted Computable Expenditures			Unadjusted Federal Share				
	Administration and Training	MMIS	% MMIS A+T	Administration and Training	MMIS Expenditures Total	MMIS Expenditures 90% FFP	MMIS Expenditures 75% FFP	% Total MMIS A+T
United States 1/	$1,327,857	$ 268,186	20.0%	$783,321	$ 207,088	$ 44,774	$ 182,314	28.4%
New York	257,761	66,984	28.0	154,145	54,260	24,131	30,129	35.2
California	190,501	13,898	7.2	105,647	10,776	3,017	7,759	10.2
Texas	86,129	17,477	19.6	56,702	13,108	0	13,108	23.1
Pennsylvania	67,980	5,936	6.7	38,386	4,948	2,972	1,976	12.9
Michigan	59,778	19,577	32.6	36,440	14,919	1,416	13,503	40.9
Illinois	55,021	3,940	7.2	29,736	3,546	3,546	0	11.9
Ohio	42,826	6,161	14.4	23,696	4,621	0	4,621	19.5
New Jersey	32,641	11,801	36.2	24,194	8,851	0	8,851	36.6
Wisconsin	28,886	13,729	47.6	18,549	10,297	0	10,297	55.5
Massachusetts	28,520	170	0.6	15,337	153	153	0	1.0
North Carolina	27,794	1,220	4.4	14,302	915	0	915	6.4
Florida	27,779	11,019	39.7	18,096	6,264	0	8,264	45.7
Oklahoma	27,551	4,844	17.6	16,336	3,633	0	3,633	22.2
Minnesota	25,065	4,033	18.1	14,186	3,025	0	3,025	21.3
Georgia	23,457	9,864	42.1	15,374	7,398	0	7,398	48.1
Washington	22,495	6,052	26.9	14,206	4,539	0	4,539	32.0
Maryland	19,973	0	N/A	11,073	0	0	0	N/A
Oregon	19,838	789	3.9	11,773	892	892	0	5.9
Indiana	18,292	5,184	28.3	10,442	3,888	0	3,888	37.2
Louisiana	18,103	2,913	16.1	10,020	2,185	0	2,185	21.8
Virginia	17,503	5,481	31.3	10,600	4,112	8	4,104	38.8
Kentucky	17,385	1,143	8.6	10,121	1,029	1,029	0	10.2
Connecticut	18,891	1,604	9.5	9,500	1,444	1,444	0	15.2
Tennessee	16,317	8,790	53.9	10,426	7,185	3,554	3,631	68.9
Missouri	14,101	3,289	23.3	8,132	2,467	0	2,467	30.3
Mississippi	11,283	3,149	27.9	6,721	2,422	361	2,061	36.0
South Carolina	10,883	1,172	10.8	8,156	1,011	793	218	16.4
Alabama	10,129	4,011	39.6	7,233	3,028	122	2,906	41.9
Iowa	9,662	2,681	29.6	5,635	2,188	27	2,161	38.8
District of Columbia	9,136	1,436	15.7	5,524	1,292	1,292	0	23.4
Arkansas	8,985	2,733	30.5	5,439	2,050	0	2,050	37.7
West Virginia	8,880	529	6.0	5,342	476	478	0	8.9
Colorado	8,474	2,458	29.0	5,454	1,842	0	1,842	33.8
Kansas	8,159	1,577	19.3	4,790	1,211	170	1,041	25.3
Nebraska	7,954	2,078	26.1	4,761	1,557	0	1,557	32.7
Maine	6,988	1,680	24.0	4,191	1,260	0	1,260	30.1
Rhode Island	6,354	0	N/A	3,600	0	0	0	N/A
Utah	8,103	1,400	22.9	3,808	1,050	0	1,050	27.6
New Mexico	5,959	2,717	45.6	3,689	2,038	0	2,038	55.2
Hawaii	5,155	2,317	45.0	3,351	1,738	0	1,738	51.9
Vermont	4,728	1,774	37.5	3,108	1,433	815	818	46.1
New Hampshire	4,483	1,468	32.9	2,800	1,101	0	1,101	39.3
Montana	4,443	1,038	23.3	2,842	777	0	777	29.4
North Dakota	4,411	645	14.8	3,579	484	0	484	18.8
Puerto Rico	4,352	0	N/A	1,616	0	0	0	N/A
Nevada	4,261	0	N/A	2,282	0	0	0	N/A
Idaho	3,479	652	18.7	2,220	493	23	470	22.2
South Dakota	2,798	569	20.3	1,753	512	512	0	29.2
Delaware	2,374	0	N/A	1,424	0	0	0	N/A
Alaska	2,114	0	N/A	1,158	0	0	0	N/A
Wyoming	880	0	N/A	458	0	0	0	N/A
Virgin Islands	500	0	N/A	292	0	0	0	N/A
Guam	200	0	N/A	110	0	0	0	N/A
N. Mariana Islands	59	0	N/A	34	0	0	0	N/A

1/ Numbers may not add to totals due to rounding.

N/A Not applicable.

Source: Preliminary expenditure data from the HCFA Office of Program Administration.

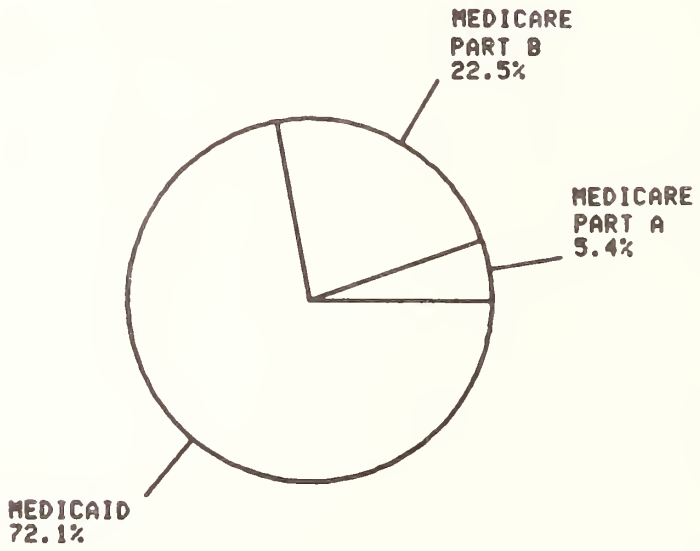
MEDICAID AND MEDICARE CLAIMS WORKLOAD AND PROCESSING TIME DATA

Chart A compares the relative claims volumes of Medicaid and Medicare Parts A and B for FY 1981. As shown, Medicaid's claims workload constitutes 72.1 percent of the total claims processed whereas Medicare Part B's share is 22.5 percent and Medicare Part A's is 5.4 percent. For purposes of this comparison, only data for Medicare contractors in States reporting Medicaid claims workload data are included in the Medicare totals (see Technical Note 2). A large part of the difference can be attributed to Medicaid coverage of services (e.g., prescribed drugs) not covered under Medicare. Further, the Medicaid claims volume is inflated due to definitional differences (for certain types of services, line item count for Medicaid versus claim count for Medicare). Another difference is that Medicare data includes both denied and paid claims whereas only paid claims are included for Medicaid.

CHART A

COMPARISON OF CLAIMS WORKLOADS FOR MEDICAID AND MEDICARE PARTS A AND B 1/

FY 81



1/ Since data is only available for 36 of the 54 Medicaid jurisdictions (see Technical Note 1), for comparative purposes, Medicare data is only included for those States reporting Medicaid claims workload data. Additionally, Medicaid data only includes claims approved for payment, whereas all processed (paid and denied) claims are included under Medicare.

Source: HCFA-120, 1565, and 1566.

In Table 8, claims workloads for Medicaid and Medicare are compared for States reporting under Medicaid. While true comparisons of Medicaid and Medicare claims workloads for any one State are difficult due to differences in the definition of a claim, comparisons of Medicaid/Medicare ratios among States can be made. Some variance between State Medicaid/Medicare ratios should be expected since the extent of Medicaid coverage varies from State to State while Medicare coverage is standard across the nation. Overall the ratio of Medicaid to Medicare claims volumes did not vary greatly from the 2.6 average for reporting States. Variations tended to correspond to the extent of Medicaid coverage (e.g., States with more liberal Medicaid coverage generally processed a higher proportion of Medicaid to Medicare claims). One State, Florida, is shown to have a relatively low ratio of Medicaid/Medicare claims compared to the overall (2.6). This is mainly due to the relatively large number of Medicare recipients in the State compared to the number of Medicaid recipients. Conversely, the Virgin Islands with a ratio of 21.0 has a proportionately higher number of Medicaid recipients compared to the number of Medicare recipients.

TABLE 8

COMPARISON OF MEDICAID AND MEDICARE CLAIMS
WORKLOADS FOR REPORTING STATES 1/

Fiscal Year 1981

(In Thousands)

State	Medicaid	Medicare	Ratio of Medicaid to Medicare
All Reporting States	324,836	125,654	2.6
California	91,129	21,863	4.2
Pennsylvania	22,812 2/	10,964	2.1
Ohio	20,654	8,934	2.3
Texas	19,294	6,641	2.9
Wisconsin	15,098	3,789	4.0
New Jersey	14,987	7,161	2.1
Florida	12,750	14,914	0.9
Georgia	11,990	3,768	3.2
Louisiana	10,740 2/	2,231	4.8
Tennessee	10,715	3,531	3.0
Minnesota	9,815 2/	2,883	3.4
Missouri	9,097	4,379	2.1
North Carolina	8,855	3,768	2.4
Virginia	7,727	2,980	2.6
Alabama	7,390 2/	3,158	2.3
Washington	7,152	3,338	2.1
Mississippi	6,206	2,092	3.0
Arkansas	5,124	2,488	2.1
Iowa	4,674	2,284	2.0
Kansas	3,911	1,931	2.0
Hawaii	3,635	1,077	3.4
Puerto Rico	2,814	1,009	2.8
Colorado	2,763	2,142	1.3
Maine	2,340 2/	1,193	2.0
New Mexico	1,716	808	2.1
Nebraska	1,663	1,050	1.6
Utah	1,620	664	2.4
Vermont	1,571 2/	614	2.6
Montana	1,322	541	2.4
New Hampshire	1,214 2/	909	1.3
North Dakota	919	548	1.7
Idaho	916	588	1.6
Nevada	839 2/	506	1.7
South Dakota	703 2/	399	1.8
Delaware	639	508	1.3
Virgin Islands	42	2	21.0

1/ Since data is only available for 36 of the 54 Medicaid jurisdictions (see Technical Note 1), for comparative purposes, Medicare data is only included for those States reporting Medicaid claims workload data. Additionally, Medicaid data only includes claims approved for payment, whereas all processed (paid and denied) claims are included under Medicare.

2/ Claims totals include estimated data for States not reporting for all months.

Source: HCFA-120, 1565 and 1566.

Table 9 compares Medicaid and Medicare claims workload and processing time data for selected types of service. Data are included only for carriers and intermediaries in States reporting Medicaid data. When comparing workload data, the differences in the definition of a claim between Medicaid (line item-see Definitions) and Medicare (entire claim for certain types of services) should be taken into consideration as well as the fact that Medicare claims counts include denials while Medicaid counts do not. Based on the FY 1981 workload totals, Medicaid jurisdictions processed the greater volume of outpatient hospital and skilled nursing claims while Medicare contractors processed the greater volume of inpatient hospital, home health, and physician claims. The overall Medicaid claims volume for services comparable to those covered by Medicare Part A was 31.2 million claims for Medicaid and 24.5 million for Medicare.

For physician claims, Medicare's Part B processing time was 11.4 days while Medicaid's processing time averaged 20.4 days. Medicare's intermediary processing time was 9.9 days, while Medicaid's corresponding time for comparable services was 28.5 days. For skilled nursing claims, however, Medicaid had the faster processing time of only 9.5 days, compared to Medicare's 17.5 days. This may partially be explained by the fact that some States use a computer generated ledger system to assist in the payment of SNF claims. Under this type of system claims processing may be facilitated since the State agency's computer system generally keeps an ongoing record of the Medicaid populations in various skilled nursing facilities. Where the population remains the same in a facility for consecutive months, the claims processing is easily performed as the necessary information has already been entered into the State agency's computer system. Minor changes (recipient accretions or deletions) are also dealt with relatively easily leaving the majority of the ledger unchanged. In addition, a ledger system treats all the possible claims for recipients in a facility as one aggregate claim, although each recipient claim is considered a separate claim for reporting purposes. Processing time for one large ledger claim is probably less than the average of the processing times of many individual claims.

TABLE 9

COMPARISON OF MEDICAID AND MEDICARE CLAIMS WORKLOAD AND PROCESSING TIME DATA FOR SELECTED TYPES OF SERVICES 1/

Fiscal Year 1981

Type of Service	Claims Volume 2/ (in thousands)		Days From Claims Receipt to Date of Approval	
	Medicaid	Medicare	Medicaid	Medicare
Inpatient Hospital	2,572	7,212	20.7	7.7
Outpatient Hospital	25,171	14,837	31.6	10.0
Skilled Nursing	2,748	455	9.5	17.5
Home Health	712	2,000	18.6	15.3
Total 3/	31,203	24,505	28.5	9.9
Physician 4/	55,524	101,150	20.4	11.4

1/ Since data is only available for 36 of the 54 Medicaid jurisdictions (see Technical Note 1) for comparative purposes, Medicare totals include data only for those States reporting Medicaid claims workload data. Additionally Medicaid workload and processing time data includes only information on claims approved for payment, whereas the Medicare data shown includes information on all processed claims (paid and denied). Medicaid information does not include data on Medicare crossover claims.

2/ The number of Medicaid claims for skilled nursing, home health, physician, and some outpatient hospital services are line item counts while inpatient and the remaining outpatient hospital claims are counts of entire claims (see Definitions). The number of Medicare claims are generally counts of entire claims for all service types.

3/ The totals shown include only data for inpatient and outpatient hospital, skilled nursing and home health services.

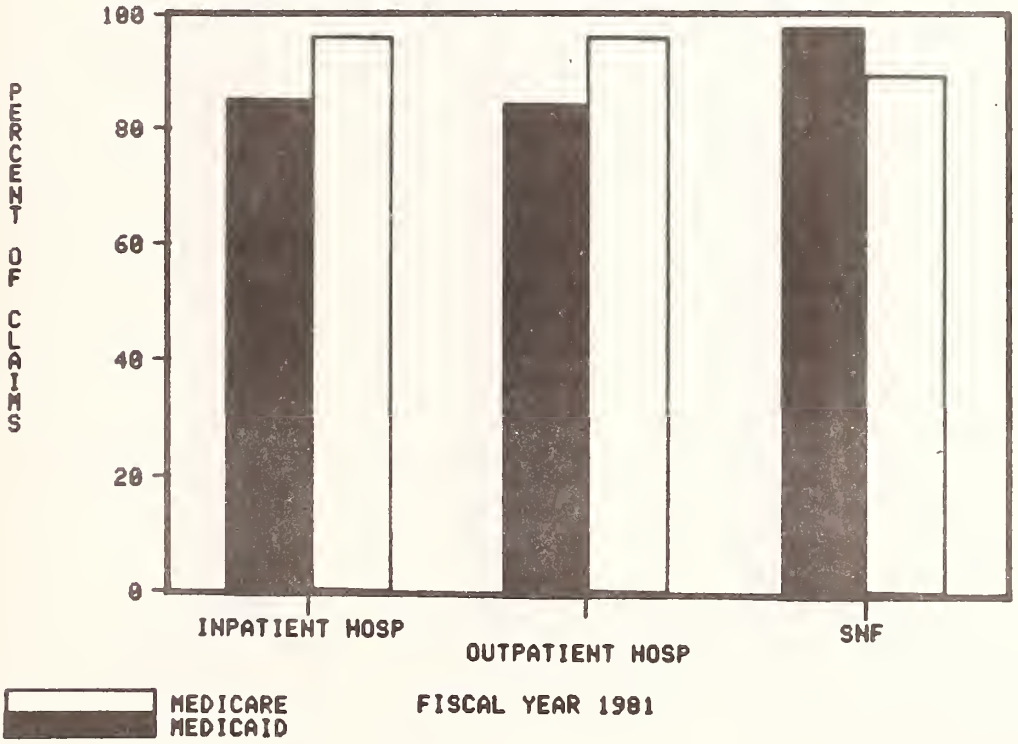
4/ For Medicaid, physician crossover claims are not included. For Medicare, all Part B 1490s processed are included.

Source: HCFA-120, 1565, 1566, and other selected data from HCFA's Division of Reports and Analysis.

Chart B compares the percent of Medicaid and Medicare skilled nursing, inpatient and outpatient hospital claims processed within 30 days. For inpatient and outpatient hospital claims, Medicare processes the greater percent within 30 days, 96.5 percent for each type compared to 84.7 and 83.9 percent, respectively for Medicaid. For skilled nursing claims, however, Medicaid processes the greater percent within 30 days, 97.8 percent compared to 89.8 percent for Medicare.

CHART B

COMPARISONS OF SELECTED TYPES OF MEDICAID AND MEDICARE CLAIMS PROCESSED WITHIN 30 DAYS 1/



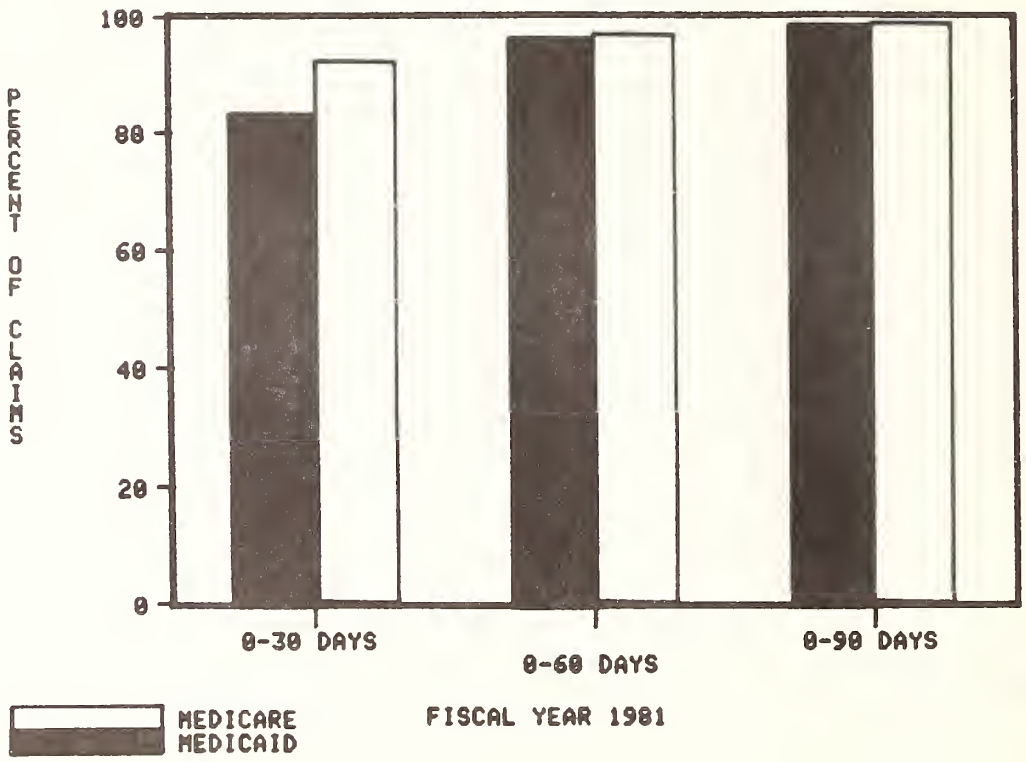
1/ Data are included only for Medicare intermediaries in States reporting Medicaid claim workload data. Only data for paid claims are included for Medicaid, whereas data for both paid and denied claims are included for Medicare.

Source: HCFA-120 and selected other data from HCFA's Division of Reports and Analysis.

Chart C compares the percent of Medicaid and Medicare physician claims processed within 30, 60, and 90 days. Medicare carriers processed a greater percent of physician claims within these time intervals than did the Medicaid States. Medicare processed 92.7 percent within 30 days compared to 82.8 percent for Medicaid, 97.5 percent within 60 days compared to Medicaid's 96.2 percent, and 99.5 percent within 90 days compared to 98.8 percent for Medicaid.

CHART C

PERCENT OF PHYSICIAN CLAIMS PROCESSED WITHIN 30, 60, AND 90, DAYS FOR MEDICAID AND MEDICARE 1/



1/ Data are included only for Medicare carriers in States reporting Medicaid claims workload data. Only data for paid claims are included for Medicaid, whereas data for both paid and denied claims are included for Medicare.

Source: HCFA-120 and 1565.

TECHNICAL NOTES

1. Eighteen Medicaid jurisdictions did not submit claims workload and processing time data for any months of FY 1981 including some of the larger States, e.g., Illinois, Massachusetts, Michigan, and New York. Of the 36 jurisdictions reporting, 27 reported for all months of FY 1981. For the nine States not reporting for all months, estimated figures are shown in the tables and charts based on projections of actual data reported.

2. Medicare workload and processing time data included in the report have been adjusted to exclude, where possible, data for providers in the eighteen States not reporting Medicaid data. Part A intermediary workload data are derived from reported counts of claims submitted by providers located in States reporting for Medicaid. Part A processing times shown are the average claims processing times of intermediaries located in reporting Medicaid States. Part B carrier workload and processing time data are derived from claims submitted by providers located in reporting Medicaid States with the following two exceptions. First, data on Part B claims submitted by providers located in two Kansas counties located in metropolitan Kansas City, Missouri are included in Missouri State totals. Second, data on Part B claims submitted by Virginia providers located in the metropolitan Washington, D.C. area, would be included in the D.C. totals (except that D.C. is among those jurisdictions not reporting workload and processing time data).

3. The technique selected to determine if a relationship exists between two variables, x and y, was to develop Pearson's product moment r (i.e., the coefficient of linear correlation).

$$r = \frac{n(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{n(\Sigma x^2) - (\Sigma x)^2} \cdot \sqrt{n(\Sigma y^2) - (\Sigma y)^2}}$$

4. Throughout the report adjusted expenditure figures are those where both State and Federal adjustments have been taken into account. State reported adjustments are collections received (third party liability, probate, overpayments, other collections), other expenditures, increasing claims from prior quarters and decreasing claims from prior quarters. Federal adjustments are deferrals, deferrals paid, disallowances, disallowances paid, suspensions paid and other adjustments. Throughout the report Massachusetts figures include data from both the Department of Public Welfare and the Commission for the Blind.